

State Patrol Death-in-Service Survivor Benefit

Background

Beneficiaries of a WSPRS plan 2 member who dies in the line of duty, is not eligible to retire, and has less than 10 years of service, receive a refund of the member's contributions plus interest.

Beneficiaries of a WSPRS 2 member who dies in the line of duty, is eligible to retire or has at least 10 years of service, receive either a refund of 150% of the member's contributions plus interest, or a joint and 100% retirement allowance actuarially reduced from first retirement eligibility (benefit includes an annual CPI-based COLA of up to 3%).

Survivors of law enforcement officers who die in the line of duty are eligible to receive a \$150,000 lump-sum Federal benefit.

Survivors are also eligible for tax-free benefits from Labor and Industries of up to 120% of the state annual average wage (\$37,940 in 2002).

Chapter 155, Laws of 2003 provides that the retirement benefits of PERS, SERS, and TRS members killed in the course of employment are not actuarially reduced, but are rather calculated as an unreduced immediate benefit.

Committee Activity

Presentation:

November 18, 2003 - Full Committee Meeting

Recommendation to Legislature

The death-in-service survivor benefit for Washington State Patrol Retirement System (WSPRS) plan 2 beneficiaries should be the unreduced earned benefit of the member.

Staff Contact

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Select Committee on Pension Policy

State Patrol Death-in-Service Survivor Benefit

(November 12, 2003)

Issue	The Washington State Patrol Troopers Association has requested that the death-in-service survivor benefit for Washington State Patrol Retirement System (WSPRS) plan 2 beneficiaries be the unreduced earned benefit of the member.
Staff	Robert Wm. Baker (360) 586-9237
Members Impacted	All members of the Washington State Patrol Retirement System who become members after January 1, 2003 would be affected by this change.
Current Situation	<p>Beneficiaries of a WSPRS plan 2 member who dies in the line of duty, is not eligible to retire, and has less than 10 years of service, receive a refund of the member's contributions plus interest.</p> <p>Beneficiaries of a WSPRS 2 member who dies in the line of duty, is eligible to retire or has at least 10 years of service, receive either:</p> <ul style="list-style-type: none">• A refund of 150% of the member's contributions plus interest; or• A joint and 100% retirement allowance actuarially reduced from first retirement eligibility (benefit includes an annual CPI-based COLA of up to 3%).

Survivors of law enforcement officers who die in the line of duty are eligible to receive a \$150,000 lump-sum Federal benefit.

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Policy Analysis

Chapter 155, Laws of 2003 provides that the retirement benefits of PERS, SERS, and TRS members killed in the course of employment are not actuarially reduced, but are rather calculated as an unreduced immediate benefit.

Survivors of active LEOFF 1 members receive 50% of the member's final average salary at the date of death.

Survivors of active LEOFF 2 members who had less than 10 years of service and were not eligible to retire receive a refund of the member's contributions plus interest.

Survivors of active LEOFF 2 members who had at least 10 years of service or were eligible to retire receive either:

- A refund of 150% of the member's contributions plus interest, or
- a monthly allowance calculated as a joint and 100% survivor benefit actuarially reduced from age 53.

Stakeholder Input

See attachment

Estimated Fiscal Impact

See attachment

Bill Draft

See attachment



WASHINGTON STATE PATROL TROOPERS ASSOCIATION

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September 16, 2003

The Honorable Chair & Members
Select Committee on Pension Policy
2420 Bristol Court SW, Suite 101
Olympia, WA 98504

Dear Members,

On behalf of the active and retired members of the Washington State Patrol Troopers Association the follow are issues relating to the Washington State Patrol Retirement Systems Plan 1 and Plan 2 that we would like addressed by the Select Committee for 2004 Legislative consideration.

1. During the 2003 Legislative Session HB 1323, an act relating to the mandatory retirement age of WSPRS Plan 1 and Plan 2, was introduced and presented to the House Appropriations Committee. The bill extends the current mandatory retirement from age 60 to age 65. Both WSPRS 1 & 2 are service-based systems allowing for a retirement benefit after 25 years-of service. The age 60 mandatory limit was established when Plan 1 had an age 30-entry limit. That limit was removed many years ago and as a result officers have been hired at ages over 30 and in some cases over 40, not allowing the member to serve 25 years before mandatory retirement. We feel the time has come to extend the mandatory limit to age 65.
2. The 2003 Legislature passed HB 1519, an act relating to death benefits for members of TRS, School Employees' Retirement System, and PERS. The new law provides for a survivor benefit paid to a survivor of a member killed in the "course of employment that is subject to an early retirement actuarial reduction. We propose that this same benefit be applied to members of WSPRS Plan 2. Currently the Death in Service Survivor Benefit for State Patrol Officers in Plan 2 with less than 10 years service the beneficiary receives only accumulated contributions to the system. The beneficiaries of officers killed in the line of duty should be provided with a benefit that is not actuarially reduced or a lump sum of contributions, but a monthly benefit as provided in HB 1519 or identical to that provided to WSPRS Plan 1 members.

Your attention to these issues will be greatly appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert C. Thurston".

Robert C. Thurston
President

CC: Rick Jensen, Governmental Affairs

FISCAL NOTE – DRAFT

REQUEST NO.

RESPONDING AGENCY:	CODE:	DATE:	BILL NUMBER:
Office of the State Actuary	035	11/12/03	Z-0873.1/04

SUMMARY OF BILL:

This bill impacts the Washington State Patrol (WSP) Retirement System Plan 2 by providing that the survivor benefit of a member killed in the course of employment, after having accumulated at least 10 years of service, is not subject to an early retirement actuarial reduction. This bill applies to any member killed in the course of employment, as determined by the director of the Department of Labor and Industries, on or after the effective date of this act.

Effective Date: 90 days after session.

CURRENT SITUATION:

Currently, a survivor of an active member who dies with less than 10 years of service credit is eligible to receive a cash refund of the member's contributions plus interest. If an active member dies with 10 or more years of service credit, their beneficiary or surviving spouse is eligible to receive either a cash refund of 150% of the member's contributions plus interest, or a monthly benefit actuarially reduced to reflect a joint and 100% survivor option and further reduced to reflect the difference in the member's age at death and the age of full retirement eligibility.

MEMBERS IMPACTED:

All the future active members of WSP 2 could potentially be affected by this bill. Our experience data, however, indicate that few would die in the course of employment and, as a result, few survivors would actually receive this enhanced benefit.

We estimate that 20 percent of deaths are duty-related deaths in WSP 2. Not all of these deaths, however, would occur after the member has earned at least 10 years of service (the service needed to receive this benefit). A percentage of the survivors of these duty-related deaths will elect to take the cash refund of the member's contributions plus interest instead of this improved benefit. The survivor of a member who dies after being eligible for an unreduced benefit would not be affected as well.

FISCAL IMPACT:

None while the plan remains fully funded. In other words, the actuarial value of assets exceeds the actuarial present value of projected benefits before and after this proposed benefit change.

As of our most recent valuation date, there were no plan 2 members in the WSPRS. As plan 2 members enter the plan and ultimately replace the existing plan 1 members, the long-term plan cost would increase by .04% of pay (in total) and by .02% of pay for members.

1 AN ACT Relating to death benefits for members of the Washington
2 state patrol retirement system plan 2; and amending RCW 43.43.295.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 43.43.295 and 2003 c 294 s 15 are each amended to read
5 as follows:

6 (1) For members commissioned on or after January 1, 2003, except as
7 provided in RCW 11.07.010, if a member or a vested member who has not
8 completed at least ten years of service dies, the amount of the
9 accumulated contributions standing to such member's credit in the
10 retirement system at the time of such member's death, less any amount
11 identified as owing to an obligee upon withdrawal of accumulated
12 contributions pursuant to a court order filed under RCW 41.50.670,
13 shall be paid to the member's estate, or such person or persons, trust,
14 or organization as the member shall have nominated by written
15 designation duly executed and filed with the department. If there be
16 no such designated person or persons still living at the time of the
17 member's death, such member's accumulated contributions standing to
18 such member's credit in the retirement system, less any amount
19 identified as owing to an obligee upon withdrawal of accumulated

1 contributions pursuant to a court order filed under RCW 41.50.670,
2 shall be paid to the member's surviving spouse as if in fact such
3 spouse had been nominated by written designation, or if there be no
4 such surviving spouse, then to such member's legal representatives.

5 (2) If a member who is eligible for retirement or a member who has
6 completed at least ten years of service dies, the surviving spouse or
7 eligible child or children shall elect to receive either:

8 (a) A retirement allowance computed as provided for in RCW
9 43.43.260, actuarially reduced, except under subsection (4) of this
10 section, by the amount of any lump sum benefit identified as owing to
11 an obligee upon withdrawal of accumulated contributions pursuant to a
12 court order filed under RCW 41.50.670 and actuarially adjusted to
13 reflect a joint and one hundred percent survivor option under RCW
14 43.43.278 and if the member was not eligible for normal retirement at
15 the date of death a further reduction from age fifty-five or when the
16 member could have attained twenty-five years of service, whichever is
17 less; if a surviving spouse who is receiving a retirement allowance
18 dies leaving a child or children of the member under the age of
19 majority, then such child or children shall continue to receive an
20 allowance in an amount equal to that which was being received by the
21 surviving spouse, share and share alike, until such child or children
22 reach the age of majority; if there is no surviving spouse eligible to
23 receive an allowance at the time of the member's death, such member's
24 child or children under the age of majority shall receive an allowance
25 share and share alike calculated under this section making the
26 assumption that the ages of the spouse and member were equal at the
27 time of the member's death; or

28 (b)(i) The member's accumulated contributions, less any amount
29 identified as owing to an obligee upon withdrawal of accumulated
30 contributions pursuant to a court order filed under RCW 41.50.670; or

31 (ii) If the member dies, one hundred fifty percent of the member's
32 accumulated contributions, less any amount identified as owing to an
33 obligee upon withdrawal of accumulated contributions pursuant to a
34 court order filed under RCW 41.50.670. Any accumulated contributions
35 attributable to restorations made under RCW 41.50.165(2) shall be
36 refunded at one hundred percent.

37 (3) If a member who is eligible for retirement or a member who has
38 completed at least ten years of service dies, and is not survived by a

1 spouse or an eligible child, then the accumulated contributions
2 standing to the member's credit, less any amount identified as owing to
3 an obligee upon withdrawal of accumulated contributions pursuant to a
4 court order filed under RCW 41.50.670, shall be paid:

5 (a) To an estate, a person or persons, trust, or organization as
6 the member shall have nominated by written designation duly executed
7 and filed with the department; or

8 (b) If there is no such designated person or persons still living
9 at the time of the member's death, then to the member's legal
10 representatives.

11 (4) The retirement allowance of a member who is killed in the
12 course of employment, as determined by the director of the department
13 of labor and industries, is not subject to an actuarial reduction.

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